MULTIMEDIA UNIVERSITY

STUDENT IDENTIFICATION NO

MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 2, 2016/2017

BAC2654 – PUBLIC SECTOR ACCOUNTING

(All Section / Groups)

1 MARCH 2017
2.30 p.m – 5.30 p.m
(3 Hours)

INSTRUCTIONS TO STUDENT

1. This question paper consists of **4** pages with four **4** questions only.
2. Attempt **ALL** questions. All questions carry equal marks and distribution of the marks for each question is given.
3. Please write all your answers in the Answer Booklet provided.

QUESTION 1

Public Sector is usually comprised of organizations that are owned and operated by the government and exist to provide services for its citizens. Similar to the voluntary sector, organizations in the public sector do not seek to generate a profit.

Required:

a) State the features of Public Sector. (5 marks)

b) Discuss the legislative and executive relationship between the federal and state government. (12 marks)

c) Explain the barriers in implementing performance measurement systems. (8 marks)

(Total: 25 Marks)

QUESTION 2

A budget is a formal estimate of the resources that an organization plans to spend for a particular purpose over a particular time period, and the proposed means of acquiring those resources. It informs the reader of what activities the organization plans to undertake and how the organization expects to finance them. Once approved pursuant to the steps required by law, the budget becomes a legal document for governmental units. The budget also provides an important tool for the control and evaluation of sources and the uses of resources. Using the accounting system to enact the will of the governing body, administrators are able to execute and control activities that have been authorized by the budget and to evaluate financial performance on the basis of comparisons between budgeted and actual operations.

Required:

a) Briefly explain the rationale for the administrative changes in budget examination and review from a yearly basis to once in every two **(2)** year basis. (4 marks)

b) Explain the types of Budgetary Control. (9 marks)

c) Discus the strategic process of implementing Outcome-Based Budgeting. (12 marks)

(Total: 25 Marks)

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QUESTION 3

For the financial year 2016, appropriation for Ministry of Health are as follows:

- RM300,000 was allocated to General Health Services which include RM215,000 for emoluments and RM75,000 for other expenditures.
- RM2 million was allocated to hospitals.

Required:

a) If during the year, funds appropriated under the supply law were insufficient to cover the other expenditures under the General Health Services, explain clearly the alternatives and procedures to be taken by Ministry to obtain additional fund. Assume that the Ministry only has two sub-head. Your answer must be based on the provisions of the Federal Constitution and Financial Procedure Act 1957 as well as other relevant rules.

(9 marks)

b) In compliance with the Financial Procedure Act 1957, discuss how the Consolidated Fund operates and describe the linkages between its three fund accounts.

(4 marks)

c) Based on the Federal Constitution, explain briefly the **THREE (3)** grants provided to the State government.

(6 marks)

d) Explain **THREE (3)** differences, in terms of contents, between Public Accounts of the Federal Government and Annual Reports of a business entity.

(6 Marks)

(Total: 25 Marks)

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QUESTION 4

Instruction:

Read the following Auditor General Report and answer question (a), (b), (c) and (d).

Construction of the People's Housing Programme, Lembah Subang 2

People's Housing Programme [Program Perumahan Rakyat (PPR)] is a Government program for the resettlement of squatters and provides dwellings for low-income earners. National Housing Department (NHD) / Ministry of Urban Wellbeing, Housing And Local Government [Kementerian Kesejahteraan Bandar, Perumahan dan Kerajaan Tempatan (KPKT)] is the main agency implementing projects for PPR throughout Malaysia. PPR Lembah Subang 2 was built on part of Lot 14191, Mukim of Damansara, Selangor covering an area of 17.65 acres that had been approved by the State Executive Council (EXCO) on 19th December 2000. It is intended to provide housing for the resettlement of squatters and the other low-income earners, especially in Petaling District. PPR Lembah Subang 2 is expected to help 2,500 people in Lembah Subang to own a home.

The tender for PPR Lembah Subang 2 construction has been opened on 4th March 2002 through open tender for design and build method. On 15th January 2003, the Letter of Acceptance worth RM69.52 million were issued to Am Rich Constructions & Development Sdn. Bhd. (ARCD). PPR Lembah Subang 2 project has completed on 29th April 2009 after approval of 8 extension of time (EOT) which equivalent to 1,550 days (52 months). Whereas, a Defects Liability Period (DLP) for 24 months was given starting from 29th April 2009 until 29th April 2011. The audit performed between November 2014 to February 2015 in KPKT, NHD and PPR Lembah Subang 2. The audit revealed that the project management of PPR Lembah Subang 2 which was executed by NHD was not satisfactory. Audit found the construction of PPR Lembah Subang 2 was poorly managed, and delayed for 4 years and 8 months from date of completion. Audit findings are as follows:

i. weaknesses in construction planning, site selection and management of procurement/selection of contractors;
ii. weakness in monitoring the construction;
iii. coordination problems between Petaling Jaya Municipal Council (MBPJ) and NHD; and
iv. weakness in selecting and distributing the units to eligible buyers.

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Required:

a) Identify **THREE (3)** stakeholders and discuss how the weaknesses according to the audit findings of this PPR project affect each stakeholder.

(9 marks)

b) Describe briefly **THREE (3)** types of external auditing in public sector. (6 marks)

c) Indicate the applicable type of audit that the National Audit Department conducted on this PPR project.

(3 marks)

d) Discuss PPR's weaknesses in the context of management and programme accountability.

(7 marks)

(Total: 25 Marks)

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